

VI. WORLD ADMINISTRATION

1. *The Basis for World Administration*

WHEN the producers of the world are organized along the lines of their economic activities, and are federated in local, district and divisional federations, and in a world producers' federation, the structural side of the producers society will be complete. Such a structure is built for use, not for appearance, and its effectiveness depends upon the way in which it works. The handling or administration of the producers society is therefore the determining factor in its success. A world producers' society may fail as miserably as any other form of social organization unless it is deliberately utilized to attain the ends for which it was created.

The establishment of a world parliament consisting of representatives from the major industrial groups would create an authority more powerful than that of any existing state because, in the first place, it would be more extensive than any existing state. But even supposing that one of the great nations—Britain or the United States—was to conquer the world and attempt to administer it, the world producers' federation would be far more effective than such a victor, because its rule would be founded on the will and on the consent of the governed and not on the imperial foundation of organized might. The world producers' federation could therefore look for a support from its constituency that no empire could hope to demand from its conquered subjects.

The centralization involved in maintaining the authority of an imperial ruling class in a large and complex state is so great that it invariably results in friction and disaffection. The self-governing state, less efficiently co-ordinated and cen-

tralized, still has a far better chance for survival. Its energy-generating centres are so much more numerous and more localized than those of the class governed empire that they necessarily reach a larger share of the population. The roots of the self-governing social group may go no deeper than the roots of the group under a bureaucratic government, but there are more of them, and they go to more places. The foundations are sounder because they are broader.

In addition to these functional advantages of self-government, it possesses an immense asset in the sense of proprietorship that leads the citizens of a self-governing community to stand by the community organization because they feel that they have built it and that it is their own. A self-governing community therefore carries within itself the means of its own perpetuation in the enthusiasm and devotion of its population to an institution in which they feel a sense of workmanship and of the pride of possession.

A world parliament, organized on the basis of self-governing industrial groups, would be unique in two respects. First, in that it was of world extent, and second in that it was built upon the industrial affiliations of its citizenship. If such an organization were handled in a way to hold the allegiance of its constituent members, its decisions on matters of world importance would carry an immense authority.

2. *The Field of World Administration*

There, in fact, would be the test of world government efficacy—in its ability to leave the handling of local problems to local groups, and to concentrate its energies on the administration of those problems which have assumed a distinctively world scope. Such capacity to understand the difference between the business of local groups and the business of the world organization would be the touchstone of world statesmanship, the criterion by which the master political minds of the age could be tested. The short-sighted, narrow-visioned

leader of world affairs would seek to gain and to hold power for himself and for his immediate local interests. The presence of many such men in positions of power would soon split the world government into a series of factions, each one seeking to destroy the others and to take away their authority. Such a competitive stage would represent little advance over the present nationalism.

A world government has no virtue in itself, and may as easily degenerate into a scramble for office as may any other phase of group relationship. Its success would only be possible where its power was strictly limited to the control of those matters that had reached a plane of world importance. Even then success would be impossible unless those responsible for making essential decisions saw the world problems as wholes rather than as localized and separable problems.

Grave issues hang on the method in which the world problems are approached and handled. Success is not assured by any means. Still, the dangers and disadvantages of a plan do not condemn it unless they outweigh the apparent advantages.

The people of the western world face a number of serious problems that cannot be solved by the existing nations. Some step must be taken to cope with the new situation that has followed on the heels of the industrial revolution, and in so far as the actual practices of life have evolved to a world plane, and in so far as they concern the workers in more than one industry, it must be apparent that nothing less than some world authority will suffice to cope with the issues that they present.

A number of economic questions, such as the control of resources and of transport, have already passed beyond the boundary of the individual nation, and have reached a stage of world importance where they can be handled only on a world basis. In the normal course of social evolution, other questions will, in like manner, emerge into a place of world

consequence. As rapidly as such developments occur, the administration of the world issues must be delegated to the world parliament and to its appointees and subordinate bodies.

3. *Five World Problems*

There are a number of problems that have passed beyond the control of any single nation, and that should therefore be made the subject of world administration. Among them are: (1) the control of resources and raw materials, (2) transport (3) exchange, credit and investment, (4) the world economic budget, and (5) adjudication of world disputes. Under a world producers' federation, the administration of these five problems would be in the hands of five administrative boards selected by the executive committee of the world parliament.

Each administrative board would select and organize a staff of experts and specialists in its own field, and would present the outline of its proposed activities to the world parliament very much as the department of a modern government presents its budget to the parliament of its state. This presentation would take place through the executive committee of the world parliament, and it would be necessary to secure the endorsement of that committee before the plan could go before the parliament.

When the plan was approved, the administrative board would begin to function as a part of the machinery of the world producers' federation. Thereafter it would serve as a part of the world administrative mechanism, the working organization of which would remain intact, even should there be a change of policy, in exactly the same way that the department of state or of agriculture, in any modern government, remains intact through the various changes of party in power.

The specialists and experts who made up the staffs of the administrative boards would secure their appointments as the

result of civil service examinations, and would continue in their positions until some question arose as to their efficiency. Each administrative board would be organized into a series of departments corresponding with the unit problems coming before the boards, with one specialist or department head charged with the direction of each of these departments. In the raw materials and resources board, for example, there might be one department for each of the more important resources such as coal, iron, copper, cotton, wool, timber, and the like. In the same way, the work of the transport board might be divided into departments covering shipping on the high seas, inland water transport between divisions, inter-divisional land transport, aerial navigation not wholly within one division, and so forth. In each instance, the task of providing an adequate supply of the commodity or an efficient service, would fall to the department or departments involved, while the administrative board itself would sit as a court of last resort, and as a board of strategy for the field in which it was functioning.

The administrative board would thus be a group primarily of experts, charged with the specific task of handling some problem of world moment, and responsible to the board of managers of the world producers' federation for the success of its activities.

4. *Work of the Administrative Boards*

A separate administrative board would be established to handle each of the important administrative problems confronting the world producers' federation. At the outset there would be such problems as resources, transport, credit and exchange, budget, and the adjudication of disputes affecting more than one division or more than one of the major industrial groups.

It is neither possible nor desirable to draw up a working program for any one of these boards. Such details must be

met and solved when the task of administrative work begins. At this point it is only necessary to suggest some of the more important fields in which the boards would operate, and to bring forward typical instances of their functioning.

5. *The Resources and Raw Materials Board*

The survival of a modern industrial centre like the Manchester District of England or the Lille-Roubaix district of France depends upon the supplies of raw material which it is able to secure from and through other industrial groups. These supplies are in turn dependent upon the available deposits of raw materials, the power, and the fertility of the soil. Raw materials and resources are thus the foundation upon which all productive enterprise is based, and it would be one of the first duties of a producers' society to handle this issue successfully.

Some idea of the extent to which a modern industrial community is dependent for its survival upon imported raw materials may be gained from an examination of the trade figures for Great Britain. In 1920 the total value of British imports was 1,936 millions of pounds sterling. Of this amount, 767 millions (more than a third) were for food, drink and tobacco, while another third (711 millions) were for raw materials. Under these two general headings were included such items as grain and flour 232 millions, meat 142 millions, cotton and cotton waste 257 millions and wool and wool rags 94 millions of pounds sterling. The two main items of food and raw materials, covered more than three quarters of all British imports. (Statesman's Year Book.)

But Britain is a relatively small and very much isolated community, lacking some of the essential resources. It is therefore quite natural that her trade figures should show such a result. The same thing is of course true of Japan, Germany, Holland, Belgium, Italy, France, and in fact most of the important industrial countries. This is taken as a matter of

course. Oddly enough, however, it is likewise true of the United States, which is as near to industrial self-sufficiency as any of the leading industrial nations.

Among the 5,278 millions of dollars worth of commodities imported by the United States in 1920, there were 40 million pounds of aluminum, 143 million pounds of rice, 345 million pounds of cocoa and cacao, 1,297 million pounds of coffee, 510 million pounds of hides, 152 million pounds of fresh meat, 603 million pounds of India rubber, 260 million pounds of wool, 510 million pounds of paper stock, 1,460 million pounds of paper, 8,074 million pounds of sugar, 4,459 million gallons of crude oil, 130 million skins, and so on. Here are extensive imports of hides, oil, paper, sugar, coffee, wool and rubber—seven of the most important items of modern commerce. Well supplied as it is with varieties of climate and resources, the United States is nevertheless compelled to import large amounts of some of the most essential raw materials. Like the nations of Europe, it is forced to depend, for these and other industrial essentials, upon portions of the economic world that lie outside the national boundaries.

An examination of these and similar figures tells the story of the industrial future—a story of limited, localized resources upon which the expanding industries will be compelled to make ever increasing demands. Since all of these demands cannot be met there must ensue a ferocious struggle among the nations to secure and hold the resource key to economic advantage. The beginnings of that struggle have already been witnessed in the contest between France and Germany for the coal and iron deposits of Western Europe. Its next stage will include a struggle between Great Britain and the United States for the possession of the world's reserves of oil. Such a struggle, with its appalling toll of suffering and chaos can be obviated in only one way, by an apportionment, among the users, of the chief raw materials, through an agency in whose direction all of those concerned have a share. This

result could be accomplished by the resources and raw materials board of the world producers' federation.

The activities of the resources and raw materials board will include:

1. A survey of all available resources and raw materials.
2. A survey of the present consumption of these raw materials.
3. A survey of the present production and of the possible production of these materials.
4. A production budget, assigning to each of the producing areas the amounts of materials that they are responsible for producing.
5. A consumption budget, assigning to the various using areas their quotas of the materials produced.
6. Provision for the increase in production necessary to meet the demands of the consumers of raw materials.
7. Final decisions as to which resources should be used, and for what purposes.

This board would have under its immediate control the destiny of the whole producing world. It would not own the resources any more than the postal department of a government owns the post offices and the mail trucks, but in one case, as in the other, the power to decide on the service to be rendered would rest with the administrative officers.

The need for some central control over the world's resources, and of some clearing house for raw materials seems quite obvious. The world producers' federation faces no more important or pressing issue. In this field alone, through its elimination of sources of conflict and its regularizing of raw material supplies, the world producers' federation could undoubtedly justify its existence.

6. *The Transport and Communication Board*

The transport and communication board would have jurisdiction over all of those activities involving the transfer of

goods, of people and of messages, not wholly within one division. Such a plan has been worked out in part in the United States of America, where commerce between the states (inter-state commerce) is under the control of the Federal Government, while commerce wholly within one state is under the control of that state. The same principle, applied to a producers' society, would leave local transport in local hands, while all matters concerning world transport would be under the control of the world producers' federation.

The present economic system depends on the shipment of goods from one point to another. Raw materials are sent from the place of their origin to the fabricating establishment that consumes them. In some cases, these distances are small, but when Cuba sends iron ore to the United States, or when Brazil ships coffee to Europe, or when England sends coal to Italy, the distances are considerable and the means of efficient transport are correspondingly important. The same thing holds true of the marketing of finished products. Many of the goods turned out by the present-day industry—particularly machinery—are very bulky and heavy. Each of the manufacturing nations sells its goods, not only within its own borders, but at the ends of the earth. The transport of goods thus becomes supremely important.

The transport of goods and of people is only one aspect of the work coming under the direction of the transport and communication board. In addition, there would be:

1. The postal system, which is already on a world basis.
2. The express system, which is really only a branch of the postal system, and which is also on a world basis at the present time.
3. Telephone, telegraph and wireless machinery, which are in their very nature wider than the boundaries of one nation, and which are to-day among the chief means of holding the people of the world close together.

The mechanism of transport constitutes a vast network of

inter-relations that have been carried farther toward a world basis than any other phase of the world's economic life. The nature of ocean transport, of the postal service, of the express service and of the telephone and telegraph made this inevitable. The inventions and discoveries of the past century have worldized transport without the necessity of any intervention from a producer's society.

While the work of the transport and communication board would be of vital consequence, it would be relatively simple, in that it would involve little innovation, but rather the unification and co-ordination of existing agencies.

7. *The Exchange, Credit and Investment Board*

Many economic writers have characterized the processes of exchange as "non-productive" activities, nevertheless, under the present economic order they lie closer to the seat of power than any other single group of activities. The rise of the banker to his present commanding position is due, primarily, to his control over money, and to his power to issue or to with-hold credit. A producers' society may lay far less emphasis on money and its derivatives than does the present system, yet the money function will remain and the money forces will doubtless play some part for a very long period in the new economic order.

Money will owe its position of importance, under a producers' society, to the need for a medium of exchange, and until men discover a means more effective than money for the facilitating of exchange, money will continue to play an economic rôle.

The inhabitant of a modern industrial community buys many things each day. For the newspaper he spends a penny or two; for the street-car ride, five or ten cents; for fruit, groceries, and other food products, a number of small sums. These transactions, in a country of fifty millions of people, aggregate tens of millions for each day.

There are three possible ways in which such transactions may be carried on: (1) each party may give the other some commodity or service—a bunch of carrots for a street-car ride, a sack of flour for a hat. (2) Money may be employed. (3) A system of bookkeeping may be devised, and each purchaser may use a credit card, or some similar device. Barter is impossible. Money is the usual means of facilitating exchange. Bookkeeping, on a scale requisite for all petty transactions would be an immensely intricate mechanism.

The chances are that at the outset, a producers' society will be compelled to follow the practices of present-day economic life, and to distinguish between the two chief uses of money: money as a means of making change and money as a basis for credit.

This distinction has been pretty well established in all parts of the world. The business man buys his morning paper and his lunch with the change that he carries in his pocket. He buys his automobile or his factory building with a check (credit). Money as a means of making change will continue under a producers' society until some more satisfactory means of handling minor transactions is discovered. Money as a basis for credit will be superseded by a system of social bookkeeping.

The money used at the present time is based on an amount of some commodity, such as gold. A producers' society will undoubtedly substitute for this commodity base some unit of productive effort—an hour's labor or a day's labor in a given industry. Such an idealized labor production period could be used as a basis for all value computations.

There are a number of requirements for such a value measure:—(1) It must be reasonably stable; (2) it must be generally recognized and accepted; (3) it must be the medium in which all values in all parts of the economic world are calculated.

With a standardized labor unit of value once determined,

there would be several methods of procedure. One would be to issue a certificate for each unit of labor performed. The pay-check would then serve as money. Another method would be for the world parliament to issue metal and paper money, using the labor unit instead of gold as the basis of value. In the former case, there would be a labor check, or piece of money in the community for each unit of labor performed. In the latter case, only so much money would be issued as was required for the ordinary purposes of making change. The latter method is the one now in use. The former would represent a distinct step in advance, in that there would be a certificate of purchasing power in the community for each unit of goods and services that was produced. There would be still a third method of handling the problem, by having the world producers' federation issue paper currency stamped with the statement "this is a mark" or "this is a franc," and making it receivable for all legal and public obligations. If the amount of this "fiat" money were carefully regulated, it would probably serve all of the purposes for which money is needed. Whatever its character, it is essential that all money and credit should be publicly issued and under public control.

The first problem confronting the exchange and credit board would be to establish some such generally acceptable standard of value. The chaos now existing in exchange rates is but a foretaste of the difficulties that confront a world which is attempting to carry on economic transactions with scores of different moneys and of differing financial systems.

The exchange and credit board would have three other important fields of activity:

1. The computation of the values produced by the various industrial groups.

This result would be accomplished by establishing a clearing house for reports on production in all industries and in all parts of the world.

2. The financing or exchange of materials between the various producing groups.

This activity is now carried on by the commercial banker, who handles trade acceptances, bills of exchange, and the like. It need be no more than a system of book-keeping, with the balances entered as loans from the industries that produce a surplus to those that are using more than they produce. Such a situation would of necessity be temporary, since the aim of the central authority would be to balance values in such a way that there would be an equilibrium all around, with no surpluses and no deficits. Such an ideal condition would never be reached, but it could be approximated.

3. Transfers of capital, or loans negotiated between various industrial groups, and covering more than one division.

These loans would take the form of adverse balances in the general clearing between producing groups, and would cover the advances for improvements and betterments, that one producing group would make to another, or that the world producers' federation would make to one of the producing groups.

The exchange and credit board would, in reality, be the book-keeping department for the world producers' federation, whose exchange transactions would be planned and handled through this department.

8. *The Budget Board*

Two principal functions would be performed by the budget board. On the one hand it would be charged with budgeting or planning the transactions involved in the world organization of economic life. This function would include the estimates of the requirements of the major economic groups during a given year, and the estimate of the sources from which these requirements were to be met. On the other hand, it would be responsible for preparing the budget of the world

producers' federation, and of deciding upon the course that must be adopted in order to meet these necessary outlays. Thus the board would correspond, in a sense, to the finance committee of a modern parliament or to the department of finance in a modern cabinet.

9. *The Adjudication of Disputes Board*

The organization of the world producers' federation places before it certain judicial functions. The federation would be called upon to adjudicate:

1. Disputes between any of the industrial groups involving more than one division.
2. Disputes between one of these industrial groups and the world producers' federation.
3. Disputes between various departments of the world producers' federation and its subdivisions.

These functions would devolve upon the adjudication of disputes board, which would constitute a court or committee of review, charged with the duty of hearing issues in dispute before they went to the board of managers, the executive committee and the world parliament for final decision. The adjudication of disputes board would not be, in any sense, a court of last resort. Rather it would be a court of original jurisdiction, sifting out the issues as they arose, and presenting its findings to a higher body. Most of its decisions would, as a matter of routine, be final, but on any issue of importance, the right of final decision would rest in the world parliament, unless that right were assumed by the people through a dissolution of the parliament.

The present governmental system, with its checks and balances—legislative, executive and judiciary—has proved far from satisfactory, since it results either in a deadlock between the various authorities, or else some one of them, as for example, the courts in the United States, assume the final

authority. In neither case is it possible for the average man to get to the bottom of the difficulty.

With all the functions of government centering in the world parliament, there would be less chance of friction between the various parts of the governmental machinery, and a greater likelihood of effective co-operation between the various departments of the government. Above all, the citizen would know where to look for action and where to place the responsibility for failure to act.

10. *The Detail of World Administration*

There is something of the grotesque in discussing the problems that would come for solution before a world producers' federation. The organization in question does not exist. How impossible, then, to predict what it will do when it comes into being. Still, the effectiveness of any proposal must be determined by its results in the realm of those routine affairs with which the organization will be called upon to deal. A world producers' federation will be constituted for the purpose of handling certain world economic problems, and the means by which this control will be exercised is a matter of the first importance.

The plan for world administration, as here outlined, is based on two general ideas. The first is that certain problems of world importance would come before the world parliament for solution; the second is that in dealing with any problems of administration, local autonomy should be preserved, the function of each administrative group should be clearly defined, and the control of the central authority should be exerted primarily for the purpose of approving or of disapproving the actions of the administrative divisions, leaving with them the task of initiating and carrying out the plans involved in the work of their respective divisions. With these simple principles of administration in mind, it is easy to plan almost any kind of administrative organization.

The real test will come when an issue is raised over the status of a given problem. When has the question of resource distribution ceased to be a local matter and become a world matter? When has the problem of credit become a world problem? To such questions there is but one answer: when these matters are of vital concern to more than one division or to more than one of the major industrial groups—in other words, when they pass beyond the control of one group, they are matters for world jurisdiction.

No plan can be drafted that will anticipate the difficulties of world economic organization. The utmost that men can hope to do is to draft a set of working rules that will enable them to act wisely when confronted by difficulties.

The world is still in a state of chaos. There are many local authorities, but no central authority. There are plans and policies, looking to the relief of the more pressing economic and social difficulties, but all of them are conditioned upon the establishment of some world power that shall prove competent to handle world affairs. Out of this chaos there must emerge, first, clear thinking as to the next steps that are to be taken in the reorganization of the world; second, a willingness to make the concessions necessary to this reorganization, and third a conscious purpose to build a better living place for human society,